

TO: Jim Johnston
FROM: Tommy Payne
RE: May 4, 1995 Agenda

May 1, 1995



Listed below is the agenda for May 4, 1995. Talking points for the congressional visits are attached.

There are three major points I suggest we cover in the Senate offices: 1) New D.C. office with commitment to working with respective Senators; 2) FDA/Kessler issue; and 3) product liability. We do not need to cover product liability with Congressman Payne.

A brief review on the status of product liability. The Senate has the bill on the floor and may complete action this week. Senator Dole has a draft leadership amendment which includes the effective date on punitive damages for pending cases yet to go to trial. We tried to get this language in the House bill but were unsuccessful. The specifics and timing of the Dole amendment are fluid. We need to reinforce our support for the effective date depending on the status of the amendment on May 4. The underlying bill caps punitive damages at 3 times compensatory damages.

After the congressional visits, we will return to the office for lunch. At our first staff meeting today, I will emphasize: 1) new RJRT in D.C.; 2) we will work with our competitors on areas of mutual interest but every day, seek opportunities to win and do it better than our competitors; 3) we will build the best tobacco company in the business by knowing and implementing the five points; and 4) when people think about tobacco companies, they should immediately think RJRT, any other company or trade association should be an after thought.

9:00 Senator Mitch McConnell (R-KY) 363 R
10:00 Senator John Warner (R-VA) 225 Russell
11:00 Congressman L. F. Payne (D-VA) 2412 RHOB
~~11:30~~ Senator Wendell Ford (D-KY) 171 Russell
~~12:00~~ Senator Alfonse D'Amato (R-NY) 520 H

JWI
Talking
points

51396 6460

Senator Wendell Ford

Senator Ford has been a quiet participant in the Mikva discussions having weekly contact with L. F. and discreet contacts with the White House. He has given every indication he will help but doesn't want his fingerprints on the discussions.

He has been actively involved with USTR on the TRQ negotiations urging them to implement the agreement as soon as possible and raising concerns about the annual quota. USTR has indicated that it will allow approximately 140-150 million metric tons of imported leaf in annually. Rob Kornegay indicates this is a satisfactory level. We expect the TRQ to be in place by late summer.

Talking Points

1. New D.C. office with Tommy running it for us. Our commitment to helping you is stronger than ever. I want our relationship to be as strong as possible. We are here to help you and your staff.
2. You were called on many times last year, you were always there for us and I want you to know how much I and the thousands of employees in Winston-Salem appreciate it. You represent Kentucky, but you walk on water in N.C.
3. I hope the discussions with the Administration on the voluntary program are successful but I am concerned about the progress and whether it can be brought to closure quickly. We just met with Congressman L. F. Payne and he informed us what Judge Mikva presented him and Charlie Rose yesterday (discuss highlights of L.F.'s conversation).
4. I don't think we should be negotiating with Kessler on his wish list for tobacco products. If the Administration can't provide the political cover in the form of a policy statement that FDA has no jurisdiction over tobacco products absent Congressional approval, we need to get out of the discussions.
5. I know the Senate has been dealing with product liability and the bill raises many issues you have to consider. The cap on punitive damages is beneficial to us for future cases but it would really be helpful if it applied to pending cases yet to go to trial. That effective date language is included in Senator Dole's amendment and we would appreciate your support of his amendment.
6. Don't hesitate to call on me or Tommy to help, fuss or let us know what we need to be doing. We want to do what is necessary to have a great relationship.

51396 6461

Congress L. F. Payne

L. F. represents the Danville area which includes 5,000 tobacco farmers and Diberell Brothers. He retained his position on the Ways and Means Committee despite reductions in the number of Democrats on the committee.

Prior to Congress, he formed and continues to be President of the Wintergreen Development Corporation which built the Wintergreen resort area outside Charlottesville, Va. He is a Civil Engineer by training.

As you know, L. F. cut the deal in 1994 reducing the excise from \$1.25 per pack to .45 cents phased in over five years. He is the only southeastern member to have voted in favor an increase in the tax and he heard about it during the campaign.

He has been actively engaged on the Mikva discussions and raised the Chiles/Reno letter with the Judge during a recent conversation. He is meeting with Mikva and Rose on Wednesday, May 3. The majority of our meeting should be discussing the Mikva meeting. I will have emphasized to L.F. prior to May 3 that the voluntary agreement is all there is from the cigarette and smokeless industries. You need to reinforce that so L.F. knows the only area of negotiation with the Administration is what he and Rose get in return. We have no interest in dealing with Kessler, the anti's etc., because absent us giving it to them, they can't get through Congress what Mikva outlined on May 3.

Talking Points

1. Know you and our RJRN office have had an excellent relationship. With our changing to a RJRT office, I hope that will continue, improve and I look forward to a more active relationship with you. Tommy will be running the office, we are here to help you and hope you don't hesitate to call us. Compliment Todd Haymore of his staff for the great job he has done for L. F. with the industry over the past two years.
2. I know you met with Judge Mikva yesterday and I am very interested in what was discussed. (L. F. explains meeting and we probably start discussing specifics of list.)
3. I want the discussions to be successful but the only way I can define success is if: 1) the Administration makes a policy decision that FDA has no jurisdiction over tobacco products absent Congressional action giving it to them; and 2) you are able to take public credit for it in the district. If we can't get those two items, I'm not sure we need to continue talking with them.
4. As somebody who was sworn in and then get grilled by Mr. Waxman and others because of the reckless allegations from Dr. Kessler, I can assure you we have no interest in negotiating with him or even letting him come to the table to discuss the voluntary proposal. We have no business giving Dr. Kessler his wish list on tobacco products.
5. We have faith in you to do that. There are thousands of employees in Winston-Salem who still have jobs because of what you did single handedly on excise taxes. They don't know you but are eternally grateful for what you did for the industry.
6. We are there for you in whatever way possible. I have to count on you and Senator Ford to fight our battles but nobody could ask for a better team. Whenever we can help, let me know.

51396 6462

Senator John Warner

Senator Warner is up for reelection in 1996. We have given the maximum amount to his primary campaign and likely to do the same for the general election. As you know, he has some problems within the Virginia Republican party because he actively opposed Oliver North's 1994 candidacy. He has reached out to the industry and basically said "let me know what I can do to help". He has always been supportive and particularly active on military sales issues.

Talking Points

1. New D.C. office which Tommy will run for us. We have had a good relationship with you and your office. I want that relationship to be as strong as possible. We are here to help you and your staff, so don't ever hesitate to call on Tommy or me.
2. We are working on two critical issues this year: product liability and the continued efforts by FDA and Dr. Kessler to regulate tobacco products.
3. We fully support the product liability reforms the Senate is currently debating. The Dole amendment on punitive damages is really important to us and Philip Morris because of the effective date language it includes. I hope you will be able to support his amendment.
4. Dr. Kessler and the FDA are still coming after the industry. For the past year, he has detailed approximately 50 employees, including criminal investigators, to Winston-Salem, Richmond and around the country trying to find a way to regulate tobacco products. He has no jurisdiction over tobacco products and is spending millions of taxpayer's dollars on this investigation when the Agency can't even do what we all agree it should be doing.
5. We'd like your advice and guidance on what can be done, possibly in appropriations or other legislation, to put an end to this investigation and make it clear the FDA has no business trying to regulate tobacco products.

51396 6463

Senator Mitch McConnell

McConnell is up for reelection in 1996 so don't be surprised if he raises the need for RJRT and the industry to help often and early. As we have done during his previous elections, we will provide maximum help early.

The Senator is our strongest supporter on product liability and the effective date issue for punitive damages. He and his staff worked with Senator Dole to include the preferred effective date language in the leadership amendment. Stephen Law should be complimented for his work on the issue.

McConnell is likely to be active on the FDA issues in both Appropriations and other legislative vehicles. At best, he has minimal knowledge of the Mikva discussions so we should not raise it with him. We can talk with him about deleting FDA funds, during the agriculture appropriations process, being used for the tobacco products investigation.

Talking Points

1. New D.C. office which Tommy will run for us. We have had a tremendous relationship with you and your office. I want that relationship to be as good as possible. Don't ever hesitate to call on Tommy or me.
2. I know Tommy has worked with your office on the product liability legislation and the punitive damages issue. This is a critically important issue to us and I want you to know how appreciative we are of your efforts on the bill generally and the effective date language for punitives.
3. Even though we don't read it in the New York Times everyday, Dr. Kessler and FDA are still actively investigating whether they can regulate tobacco products. Over the past year, he has sent criminal investigators to Winston-Salem on at least four different occasions knocking on former employees doors. They have also been to California, Pennsylvania and Paris asking questions.
4. Along with product liability, this is our major concern this year. He is spending millions of dollars on us when they can't approve medical devices in a timely fashion. We need your advice and guidance on what can be done in the appropriations process and/or other legislation to put an end to this investigation and make it clear he has no statutory authority to regulate tobacco products of any type.

51396 6464

Senator Alphonse D'Amato

This visit is an effort to begin a relationship we really haven't had in the past. I want him to know who we are, we are there to help him and not get into specific issues.

D'Amato is the chair of the Republican Senatorial Campaign Committee for the 1996 election. Through this role, he is emerging as a critical player on virtually all issues in the Senate. One of our consultants, Vern Clark, has an excellent relationship with him and has been working with me on establishing our relationship with the Senator.

D'Amato is the primary sponsor of the Iran trade embargo legislation and we have briefed his staff on our concerns. If this legislation moves, I believe they will help on language that continues agricultural exports to Iran which extract hard currency. However, the Senator gets animated about the issue since a group tried to blow him up in a tunnel in NY last year. The details are better left for later.

We have a great relationship with the campaign committee. D'Amato's top money guy at the committee, Ed Rahall, was hired by no less than Tom Griscom when he worked for the committee.

The Senator was admitted to the hospital in mid-April for chest pains. Checked out ok but should mention you saw it on television and ask about his health.

He is Chairman of the Senate Banking Committee so we should address him as Mr. Chairman. You may have some mutual contacts from CitiCorp or Wachovia. B. arranged a meeting with him and Harper in New York about a month ago which he may raise.

Talking Points

1. New D.C. office which Tommy will run for us. We are here to help you and your staff and I want us to have a strong relationship. B. will continue with RJRN for a little while and of course, we work with Vern Clark but don't ever hesitate to call on us.
2. This is a better climate for us than we experienced in 1994. We are a long way from being complacent particularly with Dr. Kessler and the FDA sending out criminal investigators in an effort to find some way to regulate tobacco products. But we want to do what is necessary to keep Republican control of the Senate and calling you Mr. Chairman. I know you and the campaign committee will let us know what we can do to help.
3. I hope you don't mind if we call on you periodically for advice and guidance and I want you to think of us as a resource for helping you.

51396 6465